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9 Attorneys for Debtor and Debtor in Possession

10  
11 **UNITED STATES BANKRUPTCY COURT**  
12  
13 **CENTRAL DISTRICT OF CALIFORNIA**  
14  
15 **LOS ANGELES DIVISION**

16 In re:

17 CRESTLLOYD, LLC,

18 Debtor and Debtor in Possession.

Case No.: 2:21-bk-18205-DS

Chapter 11 Case

**RESPONSE TO REJECTION OF ORDER  
GRANTING DEBTOR'S MOTION FOR AN  
ORDER:**

- (1) APPROVING THE SALE OF THE  
DEBTOR'S REAL PROPERTY FREE AND  
CLEAR OF ALL LIENS, CLAIMS,  
ENCUMBRANCES, AND INTERESTS, WITH THE  
EXCEPTION OF ENUMERATED EXCLUSIONS;  
(2) FINDING THAT THE BUYER IS A GOOD  
FAITH PURCHASER;  
(3) AUTHORIZING AND APPROVING THE  
PAYMENT OF CERTAIN CLAIMS FROM SALE  
PROCEEDS;  
(4) WAIVING THE FOURTEEN-DAY STAY  
PERIOD SET FORTH IN BANKRUPTCY RULE  
6004(h); AND  
(5) PROVIDING RELATED RELIEF;  
AND (II) REDLINE AGAINST ORIGINAL ORDER

Hearing:

Dates and Times: March 18, 2022, at 11:00 a.m.  
March 21, 2022, at 11:30 a.m.

Place: Courtroom 1639  
255 E. Temple St.  
Los Angeles, CA 90012  
**VIA ZOOMGOV ONLY**

Crestlloyd, LLC, the Chapter 11 debtor and debtor in possession herein (the “Debtor”), hereby files this response to the Court’s notice (the “Rejection Notice”) of LOU Order 10698841, which was the Debtor’s proposed *Order Granting Debtor’s Motion for an Order: (1) Approving The Sale Of The Debtor’s Real Property Free And Clear Of All Liens, Claims, Encumbrances, And Interests, With The Exception Of Enumerated Exclusions; (2) Finding That The Buyer Is A Good Faith Purchaser; (3) Authorizing And Approving The Payment Of Certain Claims From Sale Proceeds; (4) Waiving The Fourteen-Day Stay Period Set Forth In Bankruptcy Rule 6004(H); And (5) Providing Related Relief* (the “Sale Order”) [Lodged as Dkt. No. 226].

**RESPONSE AND JUSTIFICATION FOR THE FORM OF THE SALE ORDER**

The Rejection Notice stated as follows regarding the reason for the rejection: “The [C]ourt notes a discrepancy between the definition of ‘Excepted Items’ in the [Sale] Motion [Dkt. 143]<sup>1</sup> and in the lodged order. Please correct the order or file a document justifying the discrepancy.” This response is intended to justify the foregoing discrepancy noted by the Court.

The Sale Motion defined Excepted Items as follows:

[The sale shall be] free and clear of any and all liens, claims, encumbrances, and interests, with the exception of Items 1-6, 8-12, and 17 (the “Excepted Items”) set forth in the preliminary title report for the Property (the “Title Report”), a true and correct copy of which is attached hereto as **Exhibit “1,”** provided that the claims of any taxing authorities or governmental units (as defined in 11 U.S.C. § 101(27) apportioned to the Debtor prior to the close of the sale that are secured by liens included in the non-Excepted Items shall be paid in full upon the close of escrow[.]

Sale Motion, 2:7-13.

The Sale Order defined Excepted Items as follows:

[The sale shall be] free and clear of any and all liens, claims, encumbrances, and interests, with the exception of Items **A1, C, D, E, F**, 1-6, 8-12, and 17 (the “Excepted Items”) set forth in the preliminary title report for the Property (the “Title Report”), a true and correct copy of which is attached hereto as **Exhibit “1,”**

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<sup>1</sup> Capitalized terms not defined herein have the same meanings ascribed to them in the Sale Motion.

provided that the claims of any taxing authorities or governmental units (as defined in 11 U.S.C. § 101(27)) apportioned to the Debtor prior to the close of the sale that are secured by liens included in the non-Excepted Items shall be paid in full upon the close of escrow[.]

Sale Order, 2:11-19 (emphasis added).

Bold items A1, C, D, E, and F above appear to be the discrepancies the Court noted. Per the Title Report attached to the Sale Motion and Sale Order as Exhibit “1,” those items are as follows:

A1. Property taxes, which are a lien not yet due and payable, including any assessments collected with taxes to be levied for the fiscal year 2022-2023.

C. An assessment by the improvement district shown below:

Series: AD #1  
District: County of Los Angeles  
For: MRCA-Brush Fire Clear’g Dist #1  
Bond issued: August 6, 2003

Said assessment is collected with the county/city property taxes.

Said assessment is also disclosed by a Notice of Amended Assessment, recorded January 26, 2015 as Instrument No. 2015-089995 of Official Records.

D. The herein described property lies within the boundaries of a Community Facilities District (CFD) as follows:

CFD No: 2016-1  
For: Fire Prevention, Wildlife Corridor and Open Space Protection and other associated purposes  
Disclosed by: Notice of Special Tax Lien  
Recording Date: January 13, 2017  
Recording No.: 20170055098, Official Records

This property, along with all other parcels in the CFD, is liable for an annual special tax. This special tax is included with and payable with the general property taxes of the County of Los Angeles.

1 E. The lien of supplemental or escaped assessments of property  
2 taxes, if any, made pursuant to the provisions of Chapter 3.5  
3 (commencing with Section 75) or Part 2, Chapter 3, Articles 3 and  
4 4, respectively, of the Revenue and Taxation Code of the State of  
5 California as a result of the transfer of title to the vestee named in  
6 Schedule A or as a result of changes in ownership or new  
7 construction occurring prior to Date of Policy.

8 F. The herein described property lies within the boundaries of a  
9 Community Facilities District (CFD) as follows:

10 CFD No: 2020-1

11 For: Local Fire Prevention, Water Quality and Open Space  
12 Measure and other associated purposes

13 Disclosed by: Notice of Special Tax Lien

14 Recording Date: February 10, 2021

15 Recording No.: 2021-0235371, Official Records

16 This property, along with all other parcels in the CFD, is  
17 liable for an annual special tax. This special tax is included  
18 with and payable with the general property taxes of the  
19 County of Los Angeles.

20 The Debtor submits that there are three justifications for including items A1, C, D, E, and  
21 F as Excepted Items. **First and foremost**, the addition of Excluded Items that would remain as liens  
22 on the Property would be a potential detriment to the Buyer and benefit to the Debtor. However, the  
23 Buyer also agreed with the form of the original Sale Order and, as will be indicated by the signature of  
24 the Buyer's counsel the Debtor will seek on revised Sale Order (the "Revised Order") that will be  
25 uploaded, which, as discussed below, has only two small revisions to the original Sale Order, none of  
26 which relate to Excepted Items, the Buyer will also indicate agreement with the form of the Revised  
27 Order.

28 **Second**, the addition of items A1, C, D, E, and F as Excepted Items is consistent with the  
Sale Motion and does not cause a detriment to the Buyer, the Debtor, or any parties in interest. That  
is, (1) items A1, C, D, E, and F all relate to the claims of taxing authorities or governmental units (as  
defined in 11 U.S.C. § 101(27)), (2) the Sale Motion provided that (a) the sale would be free and clear  
of the Excepted Items, "***provided that*** the claims of any taxing authorities or governmental units (as  
defined in 11 U.S.C. § 101(27) apportioned to the Debtor prior to the close of the sale that are secured

1 by liens included in the non-Excepted Items shall be paid in full upon the close of escrow” [Sale  
2 Motion, 2:7-13] and (b) requested authority for the Debtor/escrow to pay on closing, inter alia, “the  
3 claims of any taxing authorities or governmental units (as defined in 11 U.S.C. § 101(27)) apportioned  
4 to the Debtor prior to the close of the sale that are secured by liens included in the non-Excepted  
5 Items” [Sale Motion, 3:12-14], and (3) consistent with the foregoing, the original Sale Order and  
6 Revised Sale Order both provide that (a) “on the close of the sale of the Property to the Buyer pursuant  
7 to the Purchase Agreement (the “Closing Date”), with the exception of the Excepted Items, the  
8 Property shall be sold to the Buyer free and clear of any and all “Interests” (as defined below), with  
9 such Interests to attach to the proceeds from and of the sale of the Property and the Rebate from the  
10 Auctioneer (the “Sale Proceeds”) with the same validity, extent and priority and subject to the same  
11 defenses and avoidability, if any, as before the closing of the sale of the Property to the Buyer” [Sale  
12 Order and Revised Sale Order, at ¶ W], (b) the Debtor/escrow will pay the claims related to items A  
13 and B apportioned to the Debtor as of closing , and (c) on the close of escrow, the Debtor/escrow can  
14 pay, inter alia, “the claims of any taxing authorities or governmental units (as defined in 11 U.S.C. §  
15 101(27)) apportioned to the Debtor prior to the close of the sale that are secured by liens included in  
16 the non-Excepted Items” [Sale Order and Revised Sale Order, at ¶ 10(c)]. Importantly, (1) the taxes  
17 related to items C, D, and F are included in the general real property taxes assessed by the County of  
18 Los Angeles, under Items A and B, which have always remained Excepted Items to be paid by the  
19 Debtor pursuant to the Sale Motion, the Sale Order, and the Revised Sale Order and (2) Items A.1 and  
20 E relate to future assessments that would be paid by the Buyer and no amounts are being paid on them  
21 by the Debtor. ***In short, regardless of whether or not items A1, C, D, E, and F were included as***  
22 ***Excepted Items, any amounts of the tax claims related to those items apportioned to the Debtor as of***  
23 ***closing were going to be paid on closing.***

24 **Third**, the addition of items A1, C, D, E, and F as Excepted Items, while not having a  
25 financial effect on the amount to be paid by the Buyer to the Debtor or by the Debtor to the taxing  
26 authorities and governmental units whose claims relate to the foregoing items, the title company  
27 required such items to be Excepted Items in order to process the sale and the issuance of title  
28 insurance, because, even after the Debtor’s payment of any amounts it owes as of closing related to

such items, the liens for such items would have to stay on the Property for future amounts owed by the Buyer apportioned to the Buyer as of closing or accruing thereafter.

**WHEREFORE**, based on the foregoing, the Debtor requests that the Court enter the Revised Sale Order to be lodged by the Debtor. As noted in the notice of lodging of the Revised Sale Order, the only revisions in the Revised Sale Order are as follows, neither of which relate to Excepted Items or are inconsistent with the relief requested or ordered by the Court:

4. Provided there is no stay pending appeal of this Sale Order, upon the entry of this Sale Order, pursuant to Sections 363(b), (f), and (m), (a) the sale of the Property free and clear of any and all Interests to the Buyer for the Purchase Price of \$126 million pursuant to the Purchase Agreement is hereby approved, and (b) the Debtor and the Buyer, and any escrow and title companies, are authorized to take any and all actions reasonably necessary to consummate the sale of the Property pursuant to the Purchase Agreement and this Sale Order. Lawrence Perkins, on behalf of the Manager of the Debtor, is hereby authorized to execute any and all documents on behalf of the Debtor to effectuate the transactions contemplated by this Sale Order.

...

12. Subject to the Excepted Items and except to the extent needed to enforce the terms of the Purchase Agreement, pursuant to Sections 105 and 363, all persons and entities, including, but not limited to, the Debtor and any holders of Interests, shall be forever barred, prohibited, estopped and permanently enjoined from (a) after the Closing Date, asserting, prosecuting or otherwise pursuing such Interests, whether by payment, setoff, or otherwise, directly or indirectly, against the Buyer, his affiliates, successors or assigns, and his current affiliates, officers, directors, employees, managers, partners, members, financial advisors, attorneys, agents, and representatives, or the Property, and (b) taking any action that would adversely affect or interfere with the ability of the Debtor to sell and transfer the Property to the Buyer pursuant to the terms of this Sale Order. For the avoidance of doubt, nothing herein will impair the rights of parties in interest to appeal and/or seek a stay pending appeal.

Dated: March 25, 2022

CRESTLLOYD, LLC

/s/ Todd M. Arnold

DAVID B. GOLUBCHIK

TODD M. ARNOLD

LEVENE, NEALE, BENDER, YOO

& GOLUBCHIK L.L.P.

Attorneys for Debtor and Debtor in Possession

## PROOF OF SERVICE OF DOCUMENT

I am over the age of 18 and not a party to this bankruptcy case or adversary proceeding. My business address is: 2818 La Cienega Avenue, Los Angeles, CA 90034

A true and correct copy of the foregoing document entitled **RESPONSE TO REJECTION OF ORDER GRANTING DEBTOR'S MOTION FOR AN ORDER: (1) APPROVING THE SALE OF THE DEBTOR'S REAL PROPERTY FREE AND CLEAR OF ALL LIENS, CLAIMS, ENCUMBRANCES, AND INTERESTS, WITH THE EXCEPTION OF ENUMERATED EXCLUSIONS; (2) FINDING THAT THE BUYER IS A GOOD FAITH PURCHASER; (3) AUTHORIZING AND APPROVING THE PAYMENT OF CERTAIN CLAIMS FROM SALE PROCEEDS; (4) WAIVING THE FOURTEEN-DAY STAY PERIOD SET FORTH IN BANKRUPTCY RULE 6004(h); AND (5) PROVIDING RELATED RELIEF; AND (II) REDLINE AGAINST ORIGINAL ORDER** will be served or was served (a) on the judge in chambers in the form and manner required by LBR 5005-2(d); and (b) in the manner stated below:

**1. TO BE SERVED BY THE COURT VIA NOTICE OF ELECTRONIC FILING (NEF):** Pursuant to controlling General Orders and LBR, the foregoing document will be served by the court via NEF and hyperlink to the document. On **March 25, 2022**, I checked the CM/ECF docket for this bankruptcy case or adversary proceeding and determined that the following persons are on the Electronic Mail Notice List to receive NEF transmission at the email addresses stated below:

- Kyra E Andrassy kandrassy@swelawfirm.com, lgarrett@swelawfirm.com;gcruz@swelawfirm.com;jchung@swelawfirm.com
- Todd M Arnold tma@lnbyg.com
- Jerrold L Bregman jlbregman@bg.law, ecf@bg.law
- Marguerite Lee DeVoll mdevoll@watttieder.com, zabrams@watttieder.com
- Danielle R Gabai dgabai@danninggill.com, dgabai@ecf.courtdrive.com
- Thomas M Geher tmg@jmbm.com, bt@jmbm.com;fc3@jmbm.com;tmg@ecf.inforuptcy.com
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- Robert B Kaplan rbk@jmbm.com
- Jane G Kearl jkearl@watttieder.com
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- Mark Shinderman mshinderman@milbank.com, dmuhrez@milbank.com;dlbatie@milbank.com
- Lindsey L Smith lls@lnbyb.com, lls@ecf.inforuptcy.com
- United States Trustee (LA) ustpregion16.la.ecf@usdoj.gov
- Genevieve G Weiner gweiner@sidley.com, laefilingnotice@sidley.com;genevieve-weiner-0813@ecf.pacerpro.com
- Jessica Wellington jwellington@bg.law, ecf@bg.law

1 **2. SERVED BY UNITED STATES MAIL:** On **March 25, 2022**, I served the following persons and/or  
2 entities at the last known addresses in this bankruptcy case or adversary proceeding by placing a true  
3 and correct copy thereof in a sealed envelope in the United States mail, first class, postage prepaid, and  
addressed as follows. Listing the judge here constitutes a declaration that mailing to the judge will be  
completed no later than 24 hours after the document is filed.

4 ☒ *Service information continued on attached page*

5 **3. SERVED BY PERSONAL DELIVERY, OVERNIGHT MAIL, FACSIMILE TRANSMISSION OR**  
6 **EMAIL** (state method for each person or entity served): Pursuant to F.R.Civ.P. 5 and/or controlling LBR,  
on **March 25, 2022**, I served the following persons and/or entities by personal delivery, overnight mail  
7 service, or (for those who consented in writing to such service method), by facsimile transmission and/or  
email as follows. Listing the judge here constitutes a declaration that personal delivery on, or overnight  
mail to, the judge will be completed no later than 24 hours after the document is filed.

8 ☐ *Service information continued on attached page*

9 I declare under penalty of perjury under the laws of the United States of America that the foregoing is  
10 true and correct.

11 March 25, 2022  
*Date*

Lourdes Cruz  
*Type Name*

/s/ Lourdes Cruz  
*Signature*



In re Crestlloyd, LLC  
Secured Creditors  
File No. 9562

County of Los Angeles  
(MRCA-Brush Fire Clear'g Dist #1)  
200 North Main Street, 16th Fl  
Los Angeles, CA 90012

County of Los Angeles  
(Wildlife Corridor and Open Space  
Protection)  
c/o SCI Consulting Group  
4745 Mangels Blvd.  
Fairfield, CA 94534

Los Angeles County Tax Collector  
PO Box 54110  
Los Angeles, CA 90054

Counsel to Hankey Capital  
Jeffer Mangels Butler & Mitchell LLP  
Neil C. Erickson  
1900 Avenue of the Stars, 7th Floor  
Los Angeles, CA 90067

Inferno Investment Inc.  
Attn: Julien Remillard, President  
4-95 Kandahar, Mont Tremblant  
Quebec J8E 1E2, Canada

County of Los Angeles  
(Local Fire Prevention, Water Quality  
and Open Space Measure )  
c/o SCI Consulting Group  
4745 Mangels Blvd.  
Fairfield, CA 94534

Rolls Scaffold, Inc.  
Michael Rolls, CEO  
11351 County Dr. Ste B  
Ventura, CA 93004

American Truck & Tool Rentals  
Inc./American Rentals  
c/o Caprenos Inc., Cindee Wood,  
Authorized Agent  
4345 Murphy Canyon Road #200  
San Diego, CA 92123

YOGI Securities Holdings, LLC  
Steve Oshins, Authorized Agent  
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Las Vegas, NV 89131

Calgrove Rentals Inc.  
Guadalupe Gomez, President  
456 Glenoaks Blvd.  
San Fernando, CA 91340

Hilldun Corporation  
Jeffrey D. Kapelman, CEO  
225 West 35th St.  
New York, NY 10001

J&E Texture, Inc.  
Francisco Gonzalez, CEO  
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Raleigh, NC 27609

JMS Air Conditioning and Appliance  
Services, Inc.  
Yosi Hesica, CEO  
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Kennco Plumbing, Inc.  
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Newhall, CA 91321

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Dima Efros, CEO  
16601 S. Main St.  
Gardena, CA 90248

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Mike Moshrefi, CEO  
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County of Los Angeles (Wildlife Corridor  
and Open Space Protection)/Clerk of the  
Governing Board, Mountains Recreation  
& Conservation Authority  
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Malibu, CA 90265

County of Los Angeles  
(Local Fire Prevention, Water Quality  
and Open Space Measure )  
Conejo Recreation and Park District  
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Office of the United States Trustee  
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Los Angeles, CA 90017

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c/o SierraConstellation Partners LLC  
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